

LCN Fund Full Submission
Supplementary Answer Form

Tick if this answer is Confidential:

Tick if this answer has been provided verbally:

Project code:	UKPNT205	Question Number	UKPNT205 -35												
Question date	3 October 2013	Answer date	11 October 2013												
Submission section question relates to	Expert panel bilateral														
Topic	Funding														
Question	Please justify the level of funding requested whilst considering the benefits likely to flow to other parties.														
Notes on question															
Answer	<p>As communicated at the second bilateral with the Expert Panel, the total cost of the V-CEE project has reduced from £5.801 million to £5.490 million; please refer to UKPNT205-Q36 for clarity on the overall cost reduction.</p> <p>The total V-CEE Budget: £5,490k.</p> <p>The split of the budget is:</p> <table style="margin-left: 40px;"> <tr> <td>Research Costs:</td> <td>£978k</td> <td>(18%)</td> </tr> <tr> <td>DNO Costs:</td> <td>£1,508k</td> <td>(27%)</td> </tr> <tr> <td>British Gas:</td> <td>£2,504k</td> <td>(46%)</td> </tr> <tr> <td>Contingency:</td> <td>£501k</td> <td>(9%)</td> </tr> </table> <p>Benefit-in-Kind from UK Power Networks and British Gas</p> <p><u>UK Power Networks are contributing £813k (15% of project budget)</u></p> <p>This reflects what was presented at the second bilateral, where UK Power Networks are making an extra contribution to the VCEE project (from the compulsory 10%) to 15% reflecting the importance with which we view the project. UK Power Networks' contribution over the mandatory level equates to £264k.</p> <p><u>British Gas are contributing £1,121k (20% of project budget)</u></p> <p>There was a clear set of principles in agreeing funding with British Gas. They are</p>			Research Costs:	£978k	(18%)	DNO Costs:	£1,508k	(27%)	British Gas:	£2,504k	(46%)	Contingency:	£501k	(9%)
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contributing all smart meter equipment that would be installed in the customer's premises as part of their BAU process. Additionally they are also contributing the staff and IT costs to support all smart business-as-usual (BAU) processes.

Of the items against British Gas that would be funded by the LCN Fund, all relate to items that are either required for (1) research purposes, (2) are explicitly brought forward in advance of British Gas's own (and industry-leading) smart meter roll out timeline or (3) are being brought forward in advance of the SMIP overall timeline.

Partner Contributions

The project has attracted substantial external funding, notably from British Gas. This is in recognition of the benefits that their customers and their organisation will realise through participation in the V-CEE project.

Below is section 4 page 28 'partners benefit in-kind contributions' table that has been updated and will be reflected within the resubmission. It contains a small additional increase in partner funding of £1k; plus UK Power Networks' extra DNO contribution.

Partner	Potential benefits from involvement	Benefit
British Gas	<ol style="list-style-type: none"> Provides an opportunity for British Gas to validate their Smart Metering solutions for fuel poor customers, particularly those living in tall and difficult buildings VCEE requires British Gas to bring forward their trialling of smart meter installation solutions for tall and difficult buildings in advance of the launch of the Data and Communications Company helping them to accelerate the development of a viable market solution to support the GB Smart Meter roll out programme An increased understanding of smart meter benefits for distribution networks for fuel poor customers, particularly the load shifting impact of Time of Use tariffs 	£1,121,861
CAG Consultants	<ol style="list-style-type: none"> CAG will benefit from VCEE by adding to their knowledge base on best practice and effective working with hard to reach communities, which will go on to benefit the wider community. 	£4,596
Institute for Sustainability	<ol style="list-style-type: none"> Helps IfS to drive forward innovation in delivery of sustainable communities, consistent with their charitable mission Aligns with their wider initiatives to promote "smart home" technologies for energy efficiency and wellbeing, particularly in support of fuel poor and social housing residents Strengthens local stakeholder relationships in support of community sustainability and resilience 	£25,650
University College London	<ol style="list-style-type: none"> Increases their understanding of the role of fuel poor customers in delivering demand side management within smart grids Production of conference and journal publications Collaborative learning with a cross section of institutions engaged in delivering smart energy solutions to customers Access to high time resolution energy data married to socio-demographic and building demographic data 	£82,295
Social Housing Landlords	<ol style="list-style-type: none"> Opportunity for their tenants to reduce their energy bills Contributes to their wider understanding of how the fuel poor and vulnerable can be supported 	£9,360
Partner Total		£1,243,762
UK Power Networks	This is a contribution over and above the 10% compulsory contribution.	£263,660
Grand Total		£1,507,422

Table 1: partners benefit in-kind contributions

Attachments	
Verbal Clarifications (Consultants)	